

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6381

BILL NUMBER: SB 200

NOTE PREPARED: Dec 26, 2011

BILL AMENDED:

SUBJECT: Homestead property tax bill cap.

FIRST AUTHOR: Sen. Zakas

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

| LOCAL IMPACT | CY 2012 | CY 2013 | CY 2014 |
|-------------------------|---------|-------------|-------------|
| Local Revenues | | (1,760,000) | (2,800,000) |
| Local Expenditures | | | |
| Net Increase (Decrease) | | (1,760,000) | (2,800,000) |

Summary of Legislation: This bill provides a tax credit for homestead property that limits property tax increases to 5% per year (excluding the part of an increase attributable to an improvement or expansion of the homestead property).

Effective Date: January 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Beginning with taxes payable in 2013 under this provision, an additional circuit breaker credit would be granted to homestead owners if the annual growth in net tax bills would otherwise exceed 5%. The limit would not apply to expansions or improvements made in a year. The portion

of a tax bill devoted to a referendum-approved levy would not be excluded from the calculation, so the 5% increase limit would apply to the entire tax bill.

Statewide, homeowners' net property taxes would be lower under this bill than under current law by an estimated \$1.8 M in CY 2013, \$2.8 M in CY 2014, and \$7.0 M in CY 2015. Circuit breaker losses for local civil taxing units and schools would increase each year by these same amounts.

State Agencies Affected:

Local Agencies Affected: County auditors; Civil taxing units and school corporations.

Information Sources: LSA Property Tax Databases.

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